

**North Carolina Soybean Producers Association  
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January 31, 2006

TO: Mr. Kenneth R. Payne  
Chief, Marketing Programs, Livestock and Seed Program  
U.S. Department of Agriculture  
Agriculture Marketing Service  
Room 2638-S, Stop 0251  
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Re: Docket number LS-05-07, concerning the Soybean Promotion and Research Order (7CFR 1220) dated on December 2, 2005 in the Federal Register, Page 72257.

FROM: James F. Wilder, Executive Vice President *James F. Wilder*  
North Carolina Soybean Producers Association

Dear Mr. Payne:

On behalf of the North Carolina Soybean Producers Association, I am responding to the public announcement inviting comments to the herein above referenced matter. I am the state executive director for the North Carolina Soybean Producers Association, Qualified State Soybean Board (QSSB) as authorized in the original Act and Order.

While there have been many good achievements resulting from the Federal soybean checkoff program, all is not well. As one who was intimately involved when the “keel” for the program was laid, I feel there are many areas where overreaching authority is being forced without basis. I worked with Congress during the passage of the Legislation and can say there are positions being taken that, in my opinion, do not reflect the aims of the farmer-leaders who prevailed in passage of the Act, nor the intent of Congress in its passage. I refer to you to Report 101-431 from the U.S. House of Representatives Agriculture Committee chaired by Congressman Kika de la Garza dated March 27, 1990 (the Report indicating the Congressional intent) as referred to on page 32 of the report as follows: “The Committee strongly supports continuation of the traditional work of existing State promotion programs. Sections 5 (j)(4) and 10 are designed to ensure that the national soybean promotion program established under the bill does not adversely affect, or interfere with, the operations of State soybean promotion programs. Existing State programs, some of which have been in operation for decades,

have done important work in their own right in assisting soybean producers in marketing their product and otherwise promoting the interest of producers and their product.” We feel that USB is gradually moving away from the intent of Congress in respect to specific and different needs of the state QSSBs.

One very obvious misinterpretation is that of the QSSB minimum assessment guarantee! It is my strongest conviction that the current interpretation was an after-thought of USB staff and/or AMS staff in order to retain as many dollars as possible in the USB bank account. This current USB/AMS interpretation has been a sore point with many “small” states (such as North Carolina Soybean Producers Association), and which, I am convinced, is counter to the Congressional intent. The current interpretation now combines two production years and makes the average work to the disadvantage of the affected QSSBs, but to the advantage of USB! Until 1994, when the program was approved by farmers in the referendum, everything, including refunds, etc. was calculated on the USDA marketing year (September 1 to August 31). Only after the 1994 referendum was successfully approved by farmers, did the new interpretation become policy of USB and AMS. And in my opinion, it was USB/AMS policy, and not the intent of Congress! This current interpretation should be revised to reflect the USDA grain marketing year as the appropriate time frame for computing the minimum assessment guarantee.

There should be transparency in the decisions of USB leadership, especially with ALL the 64 directors of the Board. This transparency should also be open to QSSBs and state farmer leaders. According to comments from USB directors from this state, they have sometimes voted on issues where they were told that full ramification and revelation of the issues were too “touchy” to reveal. If true, this is outrageous!

There is a deep undercurrent of friction between ASA and USB. It appears that USB leadership has taken a very condescending posture of “take it, or leave it,” in financial dealings with ASA, the former International Marketing (IM) contractor. Hourly rates of ASA for work performed are almost half that of other major contractors, and it seems there is never any questions raised regarding rates of such major contracting groups. This matter begs for open oversight and revelation.

Many QSSB staff have lost interest in participating in USB Board meetings. Many of us feel as though we are seen as “illegitimate children at a family reunion.” Surely, the national checkoff program has room for QSSB staff to make constructive criticism to programs that impact soybean farmers in their respective states!

It is somewhat bewildering that the “state minimum assessment” interpretation has been so rigidly enforced while the 5% administrative cap for USB “staff” is so broadly interpreted. This administrative cap issue should be evaluated by OIG!

There is broad concern among farmers regarding the real costs associated with the formation and on-going operational/administrative outlays of the new “USSEC.” This

initiative calls for an open revelation of all facets of the program, particularly the cost overburden of the new entity.

Finally, there should be an open, independent audit of USB, to reflect opinions from the “grassroots” on the operations and financial management decisions of USB officers, staff and directors.